

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF AUGUST 2003

Dated	Subject	Distribution
08-01-03	Use of Form RD 410-4, "Application For Rural Assistance (Nonfarm Tract) Uniform Residential Loan Application"	S/D
08-07-03	Administrator's Reserve Selections to Fund Innovative Approaches to Preserve Rural Rental Housing (RRH) Projects	S/D
08-08-03	Business and Industry Guaranteed Loan Program Evaluation of Moody's Financial Analyst Software	S/D
08-12-03	Fiscal Year (FY) 2003 Year-end Closing Procedures for Obligating Administrative Expenses at the National Finance Center	S/D
08-13-03	Reminder of Tax Service Fee Increase for Fiscal Year 2004	S/D
	Reordering Credit Report	S/D
	Modifications of and Substitutions for Appraisal Forms RD 1922-7 and RD 1922-8	S/D
08-19-03	Fiscal Year 2003 Freedom of Information Act Report	S/D
08-20-03	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D, D/D, C/S
08-22-03	e-File Outreach and Marketing	S/D
08-25-03	Rural Business Enterprise Grant Program National Office Reserve Fiscal Year 2003 Funding Cycle	S/D
	Rural Business Opportunity Grant Program National Office Reserve Fiscal Year 2003 Funding Selections	S/D

Dated	Subject	Distribution
08-25-03	Rural Economic Development Loan and Grant Program Projects Funded for Fourth Quarter Funding Fiscal Year 2003	S/D
08-26-03	Renewable Energy Systems and Energy Efficiency Improvements Grant Program National Office Reserve Fiscal Year 2003 Funding Cycle	S/D
08-28-03	Balancing Single Family Housing Direct Loan Underwriting Objectives With Serving the Most Needy Applicants	S/D

August 1, 2003

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors,
Rural Development Managers, and
Community Development Managers

FROM: David J. Villano *(Signed by David J. Villano)*
Deputy Administrator
Single Family Housing

SUBJECT: Use of Form RD 410-4, "Application For Rural Assistance (Nonfarm
Tract) Uniform Residential Loan Application"

The purpose of this unnumbered letter is to provide guidance to Agency staff on use of the revised Uniform Residential Loan Application until it is updated in the UniFi System. The form was revised on PN 361, dated July 16, 2003.

The revised Form RD 410-4, Application For Rural Assistance (Nonfarm Tract) Uniform Residential Loan Application, included notification to the applicant(s) of their right to request a copy of their appraisal. This eliminated the need for field offices to send Handbook Letter 13 (3550), Notice of Right to Request Copy of Appraisal, to the applicant(s).

Until the revised application form is updated in the UniFi System, field offices may continue to use Form RD 410-4 (Rev. 7-98). For all applications accepted on the revised 7-98 form, field offices will need to send Handbook Letter 13 (3550) to the applicant(s).

The application form with the revised 7-98 date does not ask for the applicant(s) date of birth. Since the Patriot Act requires lenders to obtain this information, you will need to ask each applicant for their birth date. Field personnel receiving the application will also need to ascertain the ethnicity and race of the applicant(s).

EXPIRATION DATE: July 31, 2004

FILING INSTRUCTIONS:
Housing Programs

Rural Development now has the capability of accepting electronic applications. The new application form made provisions for documentation of the electronic receipt of the application from the applicant(s). Applications used with the revised 7-98 date will need to be noted for electronic receipt.

You should be made aware that some of the formatting of the revised application document does not align boxes/lines properly with the requested information. We are in the process of correcting these items. In reviewing the application, field office employees should pay close attention to Page 4, Section VIII, and Page 6, top of the page for Section 502 and Section 504 Loan Information.

Please note all the guidance in this letter is temporary and applies to the use of the application form dated 7-98. Field offices are not required to use the newly revised application form until it is incorporated into UniFi. When an application is accepted using the 7-98 revision, we still need to:

- Get date of birth;
- Get race/ethnicity;
- Document electronic receipt; and
- Send HB Letter 13 (3550)

State offices should direct all questions concerning this memorandum to Gale Richardson of the Single Family Housing Direct Loan Division at gale.richardson@usda.gov or (202) 720-1459.

August 7, 2003

TO: State Directors
Rural Development

FROM: Arthur A. Garcia *(Signed by Arthur A. Garcia)*
Administrator
Rural Housing Service

SUBJECT: Administrator's Reserve Selections to Fund Innovative Approaches to
Preserve Rural Rental Housing (RRH) Projects

For fiscal year 2003, an Administrator's reserve was established to help encourage the development of innovative approaches to preserve Rural Rental Housing (RRH) projects. Attached is the listing of projects selected from proposals submitted in accordance with AN No. 3873(1965-B) dated June 9, 2003. Funding was provided to projects with the highest per-unit contribution of non-Agency funds for repair and rehabilitation, use of equity loan funds for repair and rehabilitation, and State contributed rental assistance (RA). Funding was limited to three projects per State to provide greater distribution of funds. State Directors for Idaho, Illinois, Maine, Massachusetts, Michigan, Nebraska, Tennessee, Utah, and Wisconsin may now notify the applicants of their selection and proceed to fully develop the proposals.

Prior to obtaining authorization to use Agency equity and RA funds, you will need to obtain concurrence from the Office of Rental Housing Preservation (ORHP) of a final equity amount, National Office approval of any reamortization or subordination, and an Administrator's waiver to allow for equity at the time of a transfer. To obtain approval of the equity amount, you should follow the same process used by ORHP to concur with and authorize equity loans as part of the preservation process. Specifically, all proposals are to be appraised for an "as-is" unsubsidized value and all calculations of the final equity amount will be performed on the ORHP incentive calculation worksheet. These proposals will not need to be entered into PRE-TRAC.

Once ORHP concurs with the equity loan amount and the borrower has agreed, request final ORHP authorization of the Agency equity loan amount and rental assistance, if any. That request should also request National Office approval of any subordination and reamortization, and a request for an Administrator's waiver to allow for equity at the time of transfer. We will authorize equity funds, RA as well as any approval or waivers in a consolidated response back to your office. All equity and RA funds should be obligated as soon as possible, but no later than September 26, 2003. If you have any questions regarding this process or actions required, please contact ORHP, either Larry Anderson, 202-720-1611 (Laurence.Anderson@usda.gov) or Cynthia Reese-Foxworth, 202-720-1940 (Cynthia.Reesefoxworth@usda.gov).

Attachment

EXPIRATION DATE: August 30, 2004

FILING INSTRUCTIONS
Housing Programs

August 8, 2003

SUBJECT: Business and Industry Guaranteed Loan Program
Evaluation of Moody's Financial Analyst Software

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Our April 3, 2003, unnumbered letter addressed the online training course on subject and provided instructions to zip a Moody's Financial Analyst (MFA) file by email. Also, it stated that use of the software would be considered mandatory for all Business and Industry (B&I) processing and servicing actions effective May 31, 2003. The purpose of this unnumbered letter is to evaluate the understanding and usage of MFA software for processing B&I Guaranteed Loans.

In order to evaluate the effectiveness of the training course and assess the need for additional training, each State Office is requested to send via email **by August 29, 2003**, a zipped copy of an MFA analysis of a B&I loan current or already processed. Also, please provide a written evaluation of the loan along with any State Office loan evaluation committee comments. If you do not have a loan in process or previously processed using MFA, a negative response is required.

In addition, each office will answer a series of questions about how the software is used. These questions are found in the attachment to this memorandum.

Please submit the MFA zipped file, loan evaluation summary, and responses to the questions via email to Charles Angelucci, charles.angelucci@usda.gov.

If you have any questions, please contact Charles Angelucci, B&I Division Processing Branch, (202) 690-0309.

(Signed by William F. Hagy)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

Attachment

EXPIRATION DATE:
March 31, 2004

FILING INSTRUCTIONS:
Community/Business Programs

**United States Department of Agriculture
Rural Business-Cooperative Service
Evaluation of User Proficiency - MFA Software**

1. Outline the process you follow when evaluating a loan application.
2. Explain how MFA helped in your loan application analysis.
3. How did the MFA conclusions supplement the evaluation and how were they used?
4. Would you have reached the same conclusions without MFA? Explain with examples.

August 12, 2003

SUBJECT: Fiscal Year (FY) 2003 Year-end Closing Procedures for Obligating
Administrative Expenses at the National Finance Center

TO: Rural Development State Directors
Rural Development National Office Officials

ATTN: Administrative Program Directors

This memorandum covers the procedures for establishing obligations for administrative expenses under the Foundation Financial Information System (FFIS) prior to the end of fiscal year 2003. It is the responsibility of each office to complete their year-end estimates online in FFIS. In order to provide accurate year-end estimates as well as reporting valid obligations, it is imperative that you begin your FFIS review process immediately. This review process will be explained to FFIS users at the FFIS Year-end Teleconferences on August 19/20, and September 9/10, 2003, and is provided below. **While performing the review process, keep in mind that all obligations must be processed in FFIS by COB September 23, 2003. Any obligations subsequent to September 23, 2003, should be entered directly into FFIS as a year-end estimate by COB September 27, 2003.**

I. REVIEW SUSF

- Review and process all rejected documents on SUSF
- Process all PRCH and TRAV rejects
- Delete any rejected user input documents

Note – The PRCH, PROP, PCMS and TRVL Feeder Systems will continue to process obligations through the nightly cycle of September 23, 2003. FFIS users must review and process all rejects by September 26, 2003.

II. REVIEW OPEN COMMITMENTS

- Run Open Commitments Brio Report
- Review report for accuracy
- Cancel/Modify RQ's as needed

Note – Print your last Open Commitments Report on September 26, 2003. This report will be needed to provide year-end estimates.

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

III. REVIEW OPEN OBLIGATIONS

- Run Open Obligations Brio Report
- Review report for accuracy
- Cancel/Modify MO's or TG's as needed
- Amend/Cancel purchase orders through PRCH
- Amend/Cancel Travel Authorizations through TRAV

Note - Run and Review your Open Obligations Report on September 26, 2003. This report will be needed to provide year-end estimates. Run your last Open Obligations Report on September 30, 2003.

IV. REVIEW DETAILED TRANSACTION REGISTER

- Run Detailed Transaction Register Brio Report
- Review report for accuracy
- Correct any discrepancies

Note – Run and review your last Detailed Transaction Register Report on September 26, 2003.

V. SUBMIT TRANSFERS AND ADJUSTMENTS

Provide all Transfers and Adjustments to the FCB by **September 19, 2003**.

VI. REQUEST FOR REIMBURSEMENTS

Internet Billing (IBIL) should be processed by September 15, 2003. After September 18, 2003, any reimbursement estimate that has not been billed will be reduced.

VII. ESTABLISH YEAR-END ESTIMATES

Upon completion of the FFIS review process, each office needs to establish year-end estimates to cover obligations that have not processed through the feeder system by COB September 23, 2003. Year-end estimates include all valid commitments from the Open Commitments Report and all obligations for PRCH, MPOL, FEDSTRIP, PCMS and TRVL not listed on the Open Obligations Report. Year-end estimates should also include all cash awards and lump sum leave payments that apply to the current fiscal year. Ensure that these obligations are not already recorded on the Detail Transaction Register and have not already been accounted for on the Open Commitments Report.

In order to process your year-end estimate, complete a YE transaction in FFIS. In September, FCB will send new instructions on completing YE documents. Year-end documents must be completed by COB Saturday, September 27, 2003. **Remember** –

The National Finance Center (NFC) will generate estimates for FTSP, TELE, UTVN, and salaries and benefits for employees on the payroll in pay period (PP) 16. On September 29, 2003, the FCB will review and accept year-end estimates into FFIS. On September 30, 2003, the Budget Division and Finance Office will conduct a final, comprehensive review of the Status of Funds Reports for the mission area to ensure that no accounts are antideficient.

SALARIES AND BENEFITS

Regular payroll costs are chargeable to the fiscal year in which the salary is earned. Lump sum payments are chargeable to the fiscal year in which the date of separation occurs; and cash awards are chargeable to the fiscal year in which the award is approved.

NFC will use estimated payroll costs for PP 19. Obligation estimates for PP 19 that occur in FY 2003 will be computed by NFC. The basis for these estimates will be 70 percent of the actual PP 16 costs. **Reminder - Year-end estimates should be submitted for employees not on the payroll in PP 16.**

1. Accounting Entered on T&A Form AD-321, PC-TARE Screen, or System for Time and Attendance Reporting (STAR).
 - a. Timekeepers who normally enter the full accounting classification code on each T&A must prepare a single T&A for PP 19 to distribute the time and pay status to the correct fiscal year by using the appropriate accounting data.
 - b. Due to the fiscal year-end distribution of payroll accounting between FY 2003 and FY 2004 in PP 19, Code 1 (to store accounting) cannot be used in the accounting Data Usage Code block in PP 19. Payroll accounting can be stored beginning PP 20 for the new fiscal year.
2. Stored Accounting Concept

NFC will convert stored accounting for PP 20 by changing the first digit of the appropriation code of all stored accounting classification codes from “2” to “3.” The following procedures should be followed during PP 20. Employees using stored accounting should follow the procedures in Item 2a. Employees for whom the stored accounting is to be changed for FY 2004 should follow the procedures described in Item 2b.

- a. Use Stored Accounting – To use stored accounting data for PP 20, prepare a single T&A with a “2” in the accounting data usage block. The FY 2004 code charged will be the FY 2003 code with the first digit of the program code changed from “3” to “4.”

- b. Override the Stored Accounting – To override the stored accounting used for PP 20, prepare a single T&A distributing time and pay status to the appropriate accounting classification. To use the stored accounting for FY 2004, insert the appropriate coding on each T&A for PP 21.

Please call your administrative budget liaison in the Budget Division (see attachment) if you have any questions regarding these procedures or any other part of this request.

(Signed by William J. French) for

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Attachment

Sent by Electronic Mail on 08-12-03 at 2:30 p.m. by BD.

CONTACT LIST
BUDGET DIVISION/ADMINISTRATIVE PROGRAMS BRANCH

Rural Utilities Service – Headquarters

Della Tomes

Phone: 202-692-0147

E-mail: della.tomes@usda.gov

Rural Housing Service – Headquarters

(Includes CSC)

Deborah Watt

Phone: 202-692-0124

E-mail: deborah.watt@usda.gov

Rural Business-Cooperative Service – Headquarters

(Includes Policy and Planning, the National Sheep Industry Improvement Center, and the Office of Community Development)

Shermaine Anderson

Phone: 202-692-0014

E-mail: Shermaine.Anderson@usda.gov

States

Linda Solomon

Phone 202-692-0134

E-mail: linda.solomon@usda.gov

Operations and Management

Linda Solomon

Phone 202-692-0134

E-mail: linda.solomon@usda.gov

BUDGET DIVISION FAX 202-692-0126 **OR** 202-692-0300

August 13, 2003

TO: All State Directors
Rural Development

ATTENTION: Single Family Housing Program Directors

FROM: David J. Villano *(Signed by David J. Villano)*
Deputy Administrator
Single Family Housing

SUBJECT: Reminder of Tax Service Fee Increase for Fiscal Year 2004

The purpose of this memorandum is to remind the States of the increase in the tax service fee for Fiscal Year 2004. As outlined in Handbook-1-3550, Attachment 7-B, the applicable tax service fee for the period of October 1, 2003 through September 30, 2004 is \$104. See page two of the attachment for a list of loan transactions that should be charged this fee amount.

Since the GFE and Closing Item Default screens are maintained at the field office level, the field office staff will be responsible for updating the default amount for the tax service fee following the attached instructions.

If you have any questions regarding this memorandum, please contact Brooke Baumann of the Single Family Housing Direct Loan Division at (202) 690-4250.

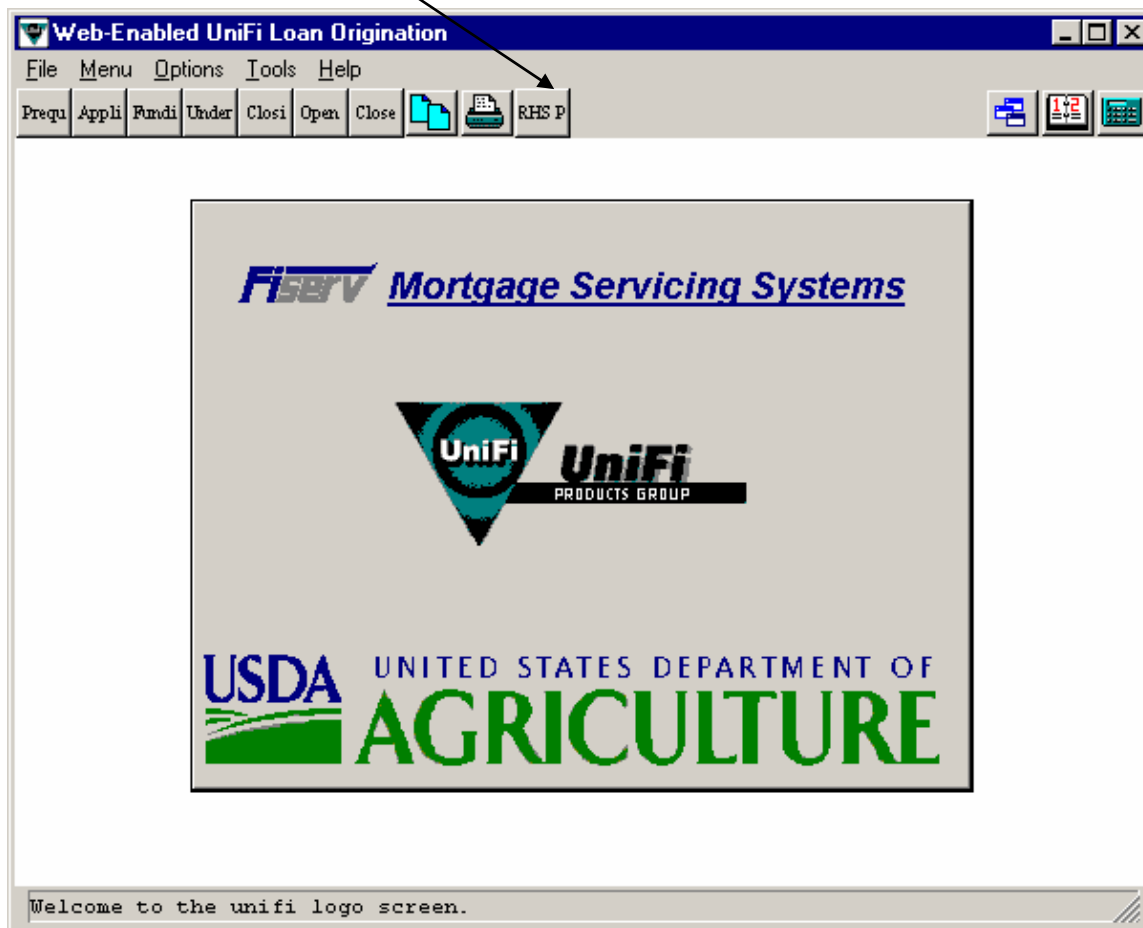
EXPIRATION DATE:
August 31, 2004

FILING INSTRUCTIONS:
Housing Programs

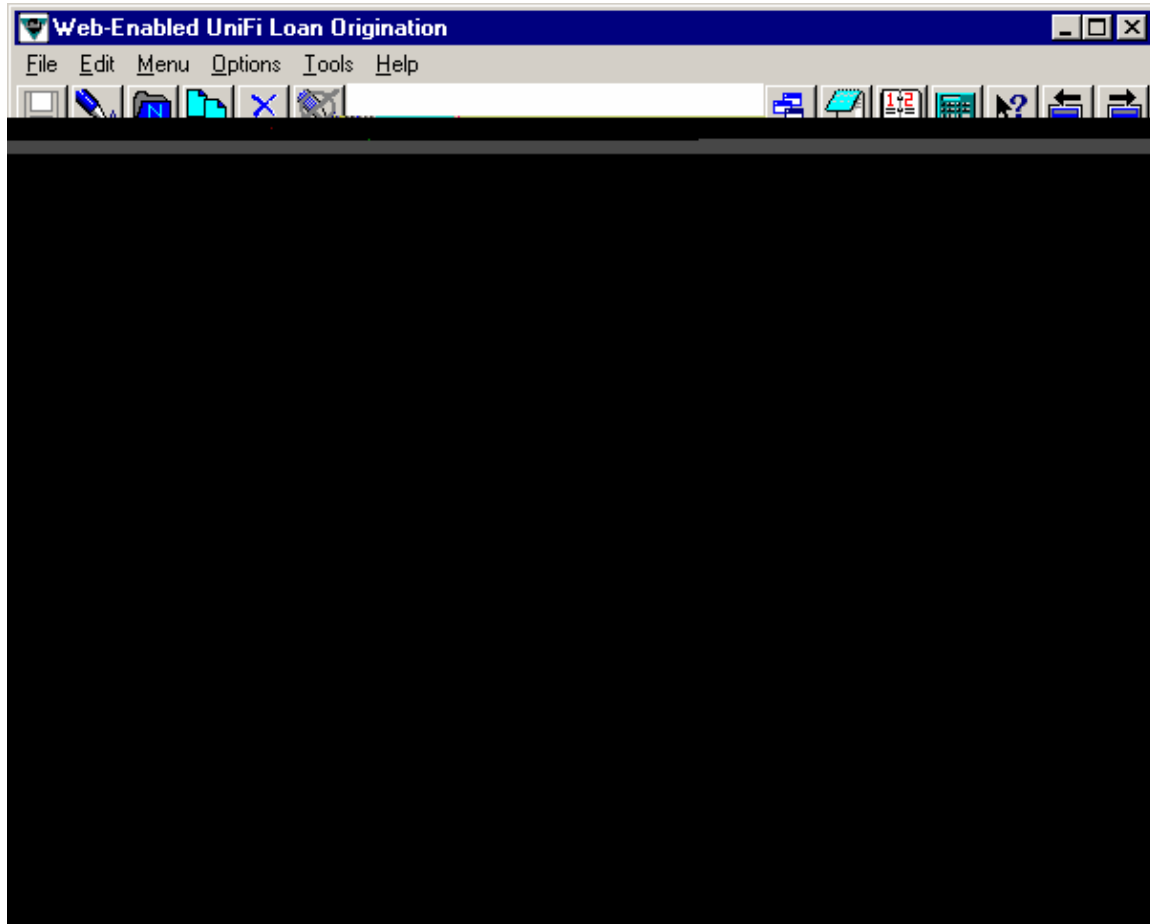
Users can change the GFE Item Defaults with proper access to the UniFi parameters.

NOTE: Changes made will only be reflected on new applications entered after the change has been made. Existing application default amounts will not be changed.

In order to make the changes outlined in these instructions the UniFi Splash screen must have an RHS P box as shown below.



To change the GFE Item Defaults, select Menu then RHS Parameters/Field Office then GFE Item Defaults. This will bring up the GFE Group Item Default Parameter screen, shown below. Click to highlight the line with Real Estate Tax Service as the description. Then Click on the Edit Pen and the amount field will be available for input.



Go to the amount field and enter the new default amount (\$104). Then click on the SAVE icon to save the change made.

Web-Enabled UniFi Loan Origination

File Edit Menu Options Tools Help

GFE Group Item Defaults Parameter

Brch	Group	Description	Line	Type	Description	Std#
36032	01	RHS Good Faith	0803		Appraisal Fee	00
			0804		Credit Report	00
			0805		Inspection Fee	00
			0807		Assump/Refin Fee	00
			0810		Real Estate Tax Service	00
			0903		Hazard Insur Prem	00
			1101		Settle/Close Fee	00

Group: 01 RHS Good Faith Amount: 101.00

HUD Line: 0810 /Type: Description: Real Estate Tax Service Active dflt: ☒ Percent: 00.000

Standard Item Number: 00 Round Up/Down: No Rounding

☒ Prefill at start default Round to Nearest: 000.00

Pd Outside of Closing(POC): No Estimated Cost Flag: Yes

Item to be paid by: see CLCst Pd E Branch: 36032

☐ FASB Cost ☒ Reg Z Fee

Active Date: 06/20/1996 DLA: 11/11/1996

Amount

The GFE Item default amount is now changed for all new applications.

The change made to the GFE Item default should also be made to the Closing Item Default Screen. The change to the Closing Item Default Screens is the same as the GFE Item Default with the exception of how you get to the screen to be changed. To get to the Closing Item Default Screen, simply arrow forward to the next screen if you are on the GFE Group Item Defaults Parameter screen or select Menu then RHS Parameters/Field Office then Closing Item Defaults then Item Defaults and perform the steps above for changing.

August 13, 2003

TO: All State Directors
Rural Development

FROM: David J. Villano (Signed by David J. Villano)
Deputy Administrator
Single Family Housing

SUBJECT: Reordering Credit Report

The National Office has been made aware of an inappropriate practice that involves entering duplicate applications into the UniFi system to order credit reports. The situation typically arises when a Rural Development (RD) employee is furnished with the wrong Social Security Number (SSN) from an applicant or makes a typographical error while entering the SSN into UniFi and subsequently requests a credit report with the incorrect SSN. Upon receiving a message from the credit bureau that no information was found and/or information does not match repository records, RD employees tend to enter a new application into UniFi using the correct SSN and then request a new credit report.

Listed below is the appropriate course of action to take to correct the SSN in UniFi and reorder a credit report. Please note that the procedure differs for CBC credit bureau users and that the sequence is critical.

TRANS UNION AND EQUIFAX CREDIT BUREAU USERS

Open the existing application within UniFi, navigate to the borrower information screen, and correct the social security number. Once this has been accomplished, reorder the credit report.

CBC CREDIT BUREAU USERS

Open the existing application within UniFi, navigate to the borrower information screen, and correct the social security number. Then contact the Centralized Help Desk (CHD) at 1-800-457-3642 regarding correction. The CHD will contact CBC and have the original request removed from CBC's system. Once the original request is removed, reorder the credit report.

EXPIRATION DATE:
August 31, 2004

FILING INSTRUCTIONS:
Housing Programs

The above procedures will correct duplication problems within the UniFi system, issues with erroneous credit reports, and improve reporting on application activities.

If you have any questions regarding this memorandum, please contact Brooke Baumann of the Single Family Housing Direct Loan Division at (202) 690-4250.

August 13, 2003

TO: State Directors
Rural Development

ATTN: Multi-Family Housing Directors, State
Appraisers, State Contracting Officers

FROM: Arthur A. Garcia *(Signed by Arthur A. Garcia)*
Administrator
Rural Housing Service

SUBJECT: Modifications of and Substitutions for Appraisal
Forms RD 1922-7 and RD 1922-8

This memorandum is to provide basic guidelines for modifications of Agency Forms RD 1922-7 and RD 1922-8 and for substitution of these forms with approved automated forms and narrative appraisals.

Modification of Agency Forms

Form RD 1922-7, "Appraisal Report for Multi-Unit Housing," was last revised in 1990, and Form RD 1922-8, "Uniform Residential Appraisal Report," was last revised in 1993. Since 1990 the Uniform Standards of Professional Appraisal Practice (USPAP) has been revised several times, but these two Rural Development appraisal forms have never been updated to comply with these revisions. Rural Development State Appraisers and fee appraisers who use these forms must modify them, or attach addenda, to conform to USPAP. The following additions should be made to these forms or included in the addenda.

- (1) Type of report,
- (2) Identity of client and intended users of appraisal,
- (3) Intended use of appraisal,
- (4) Scope of work,
 - (a) Type of inspection,
 - (b) Methods of evaluation (including reasons for omission of applicable methods),
 - (c) Discussion of comparables used,
 - (d) Any permitted departures from specific requirements of Standard 1,

EXPIRATION DATE: August 31, 2004

FILING INSTRUCTIONS:
Housing Programs

- (5) Updated certification (1999),
- (6) Exposure time,
- (7) Three-year sales history for 1- to 4-family residential properties and 5-year sales history for multi-family properties,
- (8) Estimated date of completion for proposed or on-going construction.

Substitution of Forms

Automated form appraisal reports that are essentially the same as the Rural Development appraisal forms may be accepted by the Agency. FNMA Form 1004 and FHLMC Form 70 may be substituted for Form RD 1922-8. FNMA Form 71A, FHLMC Form 71A, and the Uniform Commercial Industrial Appraisal Report (UCIAR) may be substituted for Form RD 1922-7, providing these forms are modified, or addenda are included, to make them USPAP compliant. Some of these automated form reports are available in the Appraiser's Choice Incorporated appraisal software provided by the Agency.

Substitution with Narrative Appraisal

A narrative appraisal format in lieu of the Agency report (Form RD 1922-7) for multi-family appraisals is also acceptable, provided it complies with the requirements of USPAP and Agency appraisal policies. All State Offices are authorized to accept this type of appraisal format without an attached Form RD 1922-7.

Should you have any questions regarding the modification of Rural Development appraisal forms or substitution of these forms with similar automated appraisal forms or narrative appraisals, please contact Brett Morgan, 202-720-1620.

August 19, 2003

SUBJECT: Fiscal Year 2003 Freedom of Information Act Report

TO: Rural Development State Directors

ATTN: Administrative Program Directors and
Freedom of Information Act Coordinators

This is a reminder that the Freedom of Information Act (FOIA) Coordinators in each State Office will be responsible for submitting **one consolidated** Fiscal Year Rural Development FOIA report (see Attachment) covering the period from **October 1, 2002, to September 30, 2003**. This fiscal year's FOIA report replaces the FOIA annual report shown in Section 2018.261 of RD Instruction 2018-F.

The Fiscal Year 2003 Rural Development FOIA report is due to ***Dorothy Hinden***, Rural Development Freedom of Information Officer, USDA, 1400 Independence Avenue, SW, STOP 0742, Washington, DC 20250-0742, by **close of business Wednesday, October 28, 2003**. ***Negative responses are to be included, when appropriate.*** Please contact Dorothy Hinden on (202) 692-0031 with any questions. If you wish to fax the report, *Ms. Hinden's* fax number is (202) 692-0013; or if you wish to e-mail the report, her e-mail address is dorothy.hinden@usda.gov.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Attachment

Sent by electronic mail on 08/19/03 at 4:40 PM.

EXPIRATION DATE:
February 29, 2004

FILING INSTRUCTIONS:
Administrative/Other Programs

Please report the following items for Rural Development:

- I. Name, title, address, and telephone number of persons(s) to be contacted with questions about the report.
- II. Exemption 3 Statutes
[Definition: a separate federal statute prohibiting the disclosure of a certain type of information and authorizing its withholding under 5 U.S.C. 552(b)(3).]
 - A. List of Exemption 3 statutes relied on by agency during current fiscal year.
 1. Brief description of types(s) of information withheld under each statute.
 2. Statement of whether a court has upheld the use of each statute. If so, then cite example.
- III. Initial FOIA/Privacy Act Access Requests
[Definition: A FOIA request is generally a request for access to records concerning a third party, an organization, or a particular topic of interest. A Privacy Act request is a request for records concerning oneself; such requests are also treated as FOIA requests. All requests for access to records, regardless of which law is cited by the requester, are included in this report. If a requester refuses to pay an applicable FOIA fee, it should be reported as follows: such a request should be counted as a **processed** request. However, we do not have to consider the request as having been **pending** during the entire time that it might take to reach the conclusion that the requester will not pay the anticipated fee. The FOIA request should be included in the **Disposition of Initial Requests** category of this report, but the **processing time** for that request should be from the date of your letter notifying the requester of the amount of fees; not the time spent waiting for the requester to pay the fee.]

A. Number of initial requests.

[Total of the numbers in Lines 1 and 2, minus the number in Line 3, should equal the number in Line 4.]

1. Number of requests pending as of end of preceding fiscal year _____.
2. Number of requests received during current fiscal year _____.
3. Number of requests processed during current fiscal year _____.
4. Number of requests pending as of end of current fiscal year _____.
(Enter this number also in Line IV. B. 1.)

B. Disposition of initial requests.

[Total of Lines 1, 2, 3, and 4 should equal the number of requests processed shown in Line III. A. 3.]

1. Number of total grants _____.
2. Number of partial grants _____.
3. Number of denials _____.
- a. Number of times each FOIA exemption used
(counting each exemption once per request).
 - (1) Exemption 2 _____
 - (2) Exemption 3 _____
 - (3) Exemption 4 _____
 - (4) Exemption 5 _____
 - (5) Exemption 6 _____
 - (6) Exemption 7(A) _____
 - (7) Exemption 7(B) _____
 - (8) Exemption 7(C) _____
 - (9) Exemption 7(D) _____
 - (10) Exemption 7(E) _____
 - (11) Exemption 7(F) _____

4. Other reasons for nondisclosure (total) _____.

- a. no records _____
- b. referred elsewhere (See **Note**) _____
- c. request withdrawn _____
- d. fee-related reason _____
- e. records not reasonably described _____
- f. not a proper FOIA request for some other reason _____
- g. not an agency record _____
- h. duplicate request _____
- i. other (specify) _____

(Note: Do not count requests referred within Rural Development in this category; it pertains only to requests that are referred outside Rural Development.)

IV. Compliance with Time Limits/Status of Pending Requests

A. Median processing time for requests processed during the year.

[Example for calculation of median: Given 7 requests completed during the fiscal year, aged 10, 25, 35, 65, 75, 80 and 400 days from the date you received the “perfected” request (Definition: Perfected Request -- a FOIA request for records which adequately describes the records sought, which has been received by the FOIA office of the agency or agency component in possession of the records, and for which there is no remaining question about the payment of applicable fees) to its date of completion, the total number of requests completed during the fiscal year would be 7 and the median age of the completed requests would be 65 days.]

1. Completed Requests.

- a. Number of requests processed _____.
- b. Median number of days to process _____.

2. Requests accorded expedited processing.

[Definition: Expedited processing -- an agency will process a FOIA request on an expedited basis when a requester has shown an exceptional need or urgency for the records which warrants prioritization of his or her request over other requests that were made earlier.]

a. Number of requests processed _____.

b. Median number of days to process _____.

B. Status of pending request.

1. Number of requests pending as of end of current fiscal year _____.
(Enter this number from Line III. A. 4.)

2. Median number of days that such requests were pending as of that date _____.

[Example for calculation of median: If there were 6 pending cases aged 10, 20, 30, 50, 120, and 200 days from the date you received the “perfected” request (Definition: Perfected request -- a FOIA request for records which adequately describes the records sought, which has been received by the FOIA office of the agency or agency component in possession of the records, and for which there is no remaining question about the payment of applicable fees) to date of completion, the total number of requests completed would be 6 and the median age would be 40 days (the average of the 2 middle numbers). Definition of average number: The number obtained by dividing the sum of a group of numbers by the quantity of numbers in the groups. For example, of 3, 7, and 14, the average is 8.]

ATTN: Rural Development FOIA Coordinators – When you are ready to begin section V. COSTS/FOIA STAFFING, please see the formulas on pages 6 and 7 of this attachment.

V. Costs/FOIA Staffing

A. Staffing levels.

1. Number of full-time FOIA personnel _____.
2. Number of personnel with part-time or occasional FOIA duties (in total work-years) _____.
3. Total number of personnel (in work-years) _____.

B. Total costs (including staff and all resources).

1. FOIA processing _____.
[This would include cost of postage, envelopes, letterhead, photocopy paper, and supplies, hours spent on FOIA (professional) for FY 2003 x hourly rate of professional = \$_____; hours spent on FOIA (clerical) for FY 2003 x hourly rate of clerical = \$_____.]
2. Litigation -- related activities (estimate) _____.
[This would include cost of postage, envelopes, letterhead, photocopy paper, and supplies, hours spent on FOIA (professional) for FY 2003 x hourly rate of professional = \$_____; hours spent on FOIA (clerical) for FY 2003 x hourly rate of clerical = \$_____.]
3. Total costs: \$ _____.

VI. Fees

[Definition: This includes charges for search, review, document duplication at \$.20 per page, and any other direct costs permitted under agency regulations.]

- A. Total amount of fees collected by Rural Development for processing requests _____.
- B. Percentage of total costs _____.

August 20, 2003

SUBJECT: Interest Rate Changes for Housing Programs
and Credit Sales (Nonprogram)

TO: Rural Development State Directors,
Rural Development Managers,
and Community Development Managers

ATTN: Rural Housing Program Director

The following interest rates, effective September 1, 2003, are changed as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
-------------------------	-----------------------------	------------------------

ALL LOAN TYPES

Treasury Judgement Rate	1.020%	1.130%
-------------------------	--------	--------

The current rate shown above is as of the week ending 07/25/2003. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve web site for the weekly average 1-year CMT yield (www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt).

RURAL HOUSING LOANS

Rural Housing (RH) 502		
Low or Moderate	5.375	5.750

Single Family Housing (SFH) Nonprogram	5.875	6.250
---	-------	-------

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

Rural Housing Site (RH-524), Non-Self-Help	5.375	5.750
Rural Rental Housing and Rural Cooperative Housing	5.375	5.750

Please notify appropriate personnel of these rates.

(Signed by James E. Selmon, II) I for

ARTHUR A. GARCIA
Administrator
Rural Housing Service

Sent by Electronic Mail on 08-25-03 at 10:05 a.m. by PAD.

August 22, 2003

SUBJECT: e-File Outreach and Marketing

TO: Rural Development State Directors

ATTN: Public Information Coordinators
State Office eGovernment Coordinators

The Service Center Agency eGovernment Team is making an outreach and marketing effort to increase the public's awareness of the e-File services and benefits available on the USDA's eGovernment Web site at <http://www.sc.egov.usda.gov>.

The goal of the team is to increase awareness of eGovernment services on a grassroots level by the distribution of informational flyers and posters by staff members who participate in local community events and forums where our customers, producers and partners may also attend. These events may include, but are not limited to, state, county, and local fairs; farm and trade shows; agricultural forums; meetings; and/or workshops.

An e-File poster (MP 1587), designed by the eGovernment Team, will be shipped from the St. Louis warehouse (one poster to each Rural Development office) during the week of August 11, 2003. e-File brochures (MP 1586) were distributed to all Rural Development offices in June, 2002. Additional supplies of the brochure can be ordered from the warehouse by faxing your request (Form RD 2024-4, "Request for Forms, Supplies, Equipment, and Services") to 1-800-336-3604.

We hope that you will support the initiative to increase public awareness of the USDA's efforts to better serve its customers through computer technology and the Internet by encouraging staff members to distribute these materials at a variety of agricultural related events in your local community.

EXPIRATION DATE:
August 31, 2004

FILING INSTRUCTIONS:
Administrative/Other Programs

If you have any questions or would like additional information on eGovernment, please contact Doris Greiner at (202) 690-4492.

(Singed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

August 25, 2003

SUBJECT: Rural Business Enterprise Grant Program
National Office Reserve
Fiscal Year 2003 Funding Cycle

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We have recently completed the National Office Reserve funding cycle. The National Office received 80 requests totaling \$9,877,881. We are pleased to announce that all requests were selected for funding with a reduction of award amount on one project. They are as follows:

State	Applicant	Amount Awarded
GA	Unadilla Downtown Development Authority	\$99,999
MO	Missouri Soybean Association	\$81,648
IA	Lake City Economic Development Corporation	\$86,000
ME	Quad County Snowmobile Club	\$43,000
AK	Juneau Economic Development Council	\$99,400
SD	Clark Industrial Development Corporation	\$98,000
TN	Industrial Development Board of the City of Hohenwald	\$98,614
UT	Uintah Basin Applied Technology College	\$99,000
MN	Partners for a Healthy Wadena Region	\$46,800
PA	Southern Alleghenies Conservancy	\$35,000
VA	Southwest Virginia Community Development Financing, Inc.	\$91,390
VT	Franklin Grand Isle Workforce Investment Development Board, Inc.	\$5,000
AZ	Nogales Main Street Association	\$188,854
ID	Eastern Idaho Development Corporation	\$99,000
HI	Hawaii Primary Care Association	\$26,830
NM	Catron County Citizens Group	\$57,800
MS	Southern Financial Partners, Inc.	\$100,000
WV	Upper Kanawha Valley Enterprise Community	\$11,360
IL	City of West Frankfort	\$142,500
WA	Nisqually Indian Tribe	\$165,256

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Community/Business Programs

State	Applicant	Amount Awarded
NJ	County of Salem	\$99,000
KY	Kentucky Highlands Investment Corporation	\$199,000
MA	SEED, Inc.	\$50,000
MT	The University of Montana - Montana World Trade Center	\$281,449
CA	City of California	\$65,000
PR	Ceiba Housing and Economic Development Corporation	\$300,000
NH	Grafton County Economic Development Council	\$99,000
NE	State of Nebraska	\$64,247
OR	Illinois Valley 2010 Community Response Team	\$95,000
KS	Western Prairie Resource Conservation & Development Area	\$124,960
WY	North East Wyoming Economic Development Coalition	\$40,000
ND	City of McVile	\$374,850
OK	City of Tishomingo	\$373,410
AR	Southern Financial Partners	\$150,000
CO	National Farmers Union (Multi-State)	\$60,000
NC	Sampson County	\$875,000
WI	Portage Chamber of Commerce	\$98,630
NV	Rural Nevada Development Corporation	\$20,000
GA	Southwest Georgia United Empowerment Zone	\$99,512
MO	Mountain Grove Industrial Development Assn., Inc.	\$68,762
ME	Penquis Community Action Program	\$48,770
IA	Lake Mills Chamber Development Corporation	\$74,000
SD	Gettysburg/Whitlock Bay Development Corporation	\$99,000
AK	Alaska Investnet	\$65,400
TN	Obion County Industrial Development Corporation	\$200,000
MN	City of Hallock	\$27,000
WV	Jefferson County Development Authority	\$50,000
AZ	Nogales -Santa Cruz County Chamber of Commerce	\$99,200
WA	Grays Harbor Public Development Authority	\$125,000
IL	Lincoln Trail College Foundation	\$99,000
UT	Utah Business Lending Corporation	\$84,000
CA	City of Red Bluff	\$90,000
HI	Mano Wai Corporation	\$20,000
MA	Cooperative Development Institute, Inc.	\$32,028
NJ	County of Salem	\$147,000
NM	Town of Tatum	\$194,130

State	Applicant	Amount Awarded
VT	George D. Aiken Resource Conservation and Development	\$29,838
MT	Snowy Mountain Development Corporation	\$16,500
PA	Lock Haven University of Pennsylvania	\$99,000
PR	Municipality of Camuy	\$50,000
MS	Friends of Children of Mississippi, Inc.	\$400,000
NH	New Hampshire Community Loan Fund (MICROCREDIT)	\$75,000
NE	Center for Rural Affairs	\$50,000
ME	Town of Jackman	\$62,060
IA	Lynnville Community Development	\$40,000
MO	City of Bonne Terre	\$136,000
GA	Cordele Industrial Development Authority	\$99,999
TN	City of Collinwood	\$99,000
WA	Grays Harbor Public Development Authority	\$200,000
SD	On Hand Development Corporation	\$99,000
CA	The Federation of Lao American Community, Inc.	\$44,500
IL	City of Rushville	\$90,000
WV	Greenbrier Valley Economic Development Corporation	\$100,000
VT	Central Vermont Revolving Loan Fund, Inc.	\$25,000
MT	Southeastern Montana Developemnt Corporation	\$9,250
UT	Southwest Applied Technology College	\$99,935
NJ	Trenton Business Assistance Corporation	\$75,000
NE	State of Nebraska	\$50,000
PR	Corporacion para el Formento Economic de la Ciudad Capital	\$305,291
NH	Coos County Economic Development Corporation	\$60,000
	Total	\$8,983,172

This completely depletes the National Office Reserve account for fiscal year 2003. All projects must have an obligation date of no later than September 30, 2003. Thank you for another successful year of funding.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

August 25, 2003

SUBJECT: Rural Business Opportunity Grant Program
National Office Reserve
Fiscal Year 2003 Funding Selections

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We have recently completed the funding cycle for the National Office Reserve. There were 112 requests for funds competing for a total of \$5,300,693. We are pleased to announce that 23 requests were selected for a funding total of \$1,120,366 (see attached).

All applications remaining on the National Office Reserve list will be removed. Your efforts and continued support for the Rural Business Opportunity Grant Program is appreciated.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

Attachment

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Community/Business Programs

Rural Business Opportunity Grant Program
Fiscal Year 2003 National Office Reserve Funding Selections

State	Applicant	Amount Awarded
GA	Voyage of Discovery	\$150,000
TX	The Guillette Foundation	\$50,000
PA	Allegheny Ridge Corporation	\$35,000
WV	The Center for Economic Options	\$50,000
ID	City of Riggins	\$47,000
OH	Appalachian Center for Economic Networks	\$50,000
CO	Region 9 Economic Development District	\$50,000
NE	Educational Service Unit #5	\$50,000
AK	Aleutina/Pribil of Island Association, Inc	\$50,000
AL	Alabama Communities of Excellence, Inc.	\$30,000
MS	Southwest Mississippi Planning and Development District	\$50,000
SD	The University of South Dakota	\$50,000
MN	Western Minnesota Enterprise Network	\$50,000
ME	University of Maine System	\$44,660
MO	Missouri Pork Association	\$50,000
IA	Mid-Iowa Development Corporation	\$50,000
IN	Indiana 15 Regional Planning Commission	\$50,000
WI	Western WI Technical College	\$28,096
ND	Cavalier County Job Development Authority	\$37,410
MT	Montana Economic Developers Association	\$17,200
VA	Northern Neck Planning District	\$50,000
GA	Fitzgerald/Ben Hill Development	\$50,000
TN	Leadership Upper Cumberland	\$31,000
	Total	\$1,120,366

August 25, 2003

SUBJECT: Rural Economic Development Loan and Grant Program
Projects Funded for Fourth Quarter Funding
Fiscal Year 2003

TO: State Directors, Rural Development

ATTN: Business Programs Directors

The Rural Business-Cooperative Service (RBS) has announced loan and grant selections for the fourth quarter of fiscal year (FY) 2003 under the Rural Economic Development Loan and Grant (REDLG) Program. A listing of loan and grant awards is attached for your information.

During the fourth quarters of FY 2003, 19 loan applications totaling \$7,672,000 were considered by RBS for financing. Five applications in the amount of \$1,752,409 were selected for funding. These 5 zero-interest loans will be leveraged by \$9,663,836 of private and public financing and directly create 10 jobs in rural areas and help sustain 10 existing positions.

In addition, 7 grants, totaling \$1,300,000, to finance revolving loan fund programs that will be operated by rural electric utilities were considered and selected for funding. The initial zero-interest loans from these revolving loan fund programs, leveraged by \$5,802,654 in private and public financing, will be made to non-profit entities and rural communities to finance medical facilities and community services. An estimated 32 new jobs will be created and 561 existing positions retained as a result of the grants.

The State Office should notify utilities whose applications were unsuccessful. Under the REDLG program, the National Office will consider a request for funding during four consecutive funding periods. Any requests that have unsuccessfully competed in four consecutive funding periods must be withdrawn. However, since the second and third quarters were combined this fiscal year, they will count as one funding period instead of two. For those applications not selected, modifications may be made to their projects at

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Community/Business Programs

this time if they so desire. The State Office must evaluate all project changes. In order to be eligible for reconsideration during the first quarter funding period of FY 2004, revised project evaluations, certifications, and project information sheets must be filed with the National Office for those projects being modified no later than close of business September 30, 2003. If a utility wishes to withdraw its application, please notify the Specialty Lenders Division (SLD).

The deadline for receipt of new REDLG funding requests in the National Office for consideration during the FY 2004 first quarter funding period is close of business September 30, 2003.

If you have any questions, please contact Diane Berger, Loan Specialist, SLD Processing Branch, (202) 720-2383.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

Attachment (2 pages)

RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM
FOURTH QUARTER FY 2003 LOAN AWARDS

State	Project	Priority Points	Loan Amount
SD	Lake Region Electric Association, Inc.	285	\$ 400,000
TN	Powell Valley Electric Cooperative	269	\$ 450,000
MT	Mid-Rivers Telephone Cooperative	268	\$ 400,000
IA	Northwest Telephone Cooperative Assn.	265	\$ 300,000
TN	Powell Valley Electric Cooperative	259	\$ 202,409
5 Loans		Total	\$1,752,409

RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM
FOURTH QUARTER FY 2003 GRANT AWARDS

State	Project	Points	Priority	Loan Amount
NC	Central Electric Membership Corporation	254		\$200,000
IA	Humboldt County Rural Electric Cooperative	252		\$200,000
NM	Roosevelt County Electric Cooperative, Inc.	247		\$200,000
IA	Harrison County REC	233		\$100,000
MN	Traverse Electric Cooperative	231		\$200,000
MN	Renville-Sibley Cooperative Power Assn.	217		\$200,000
MN	East Central Energy	162		\$200,000
	7 Grants		Total	\$ 1,300,000

August 26, 2003

SUBJECT: Renewable Energy Systems and Energy Efficiency
Improvements Grant Program
National Office Reserve
Fiscal Year 2003 Funding Cycle

TO: State Directors, Rural Development

ATTN: Business Programs Directors
Rural Energy Coordinators

We have recently completed the National Office Reserve funding cycle for the Renewable Energy Systems and Energy Efficiency Improvements Grant Program. The National Office received 115 requests totaling \$21,881,021. We are pleased to announce that 113 requests were selected for funding, totaling \$21,207,233. They are as follows:

Renewable Energy System Grants

State	Project Name	Grant Award
CA	Garry and Kori Vance	\$25,250.00
CA	Castelanelli Bros. Dairy	\$166,580.00
CA	Guepard Energy LLC	\$500,000.00
HI	Luana Farms	\$14,105.00
HI	Mt. Thunder Coffee	\$46,861.00
IA	Kathryn S. Neighbor	\$10,000.00
IA	Maharishi Vedic City Organic Farms	\$23,215.00
IA	Sjerp and Natalie Ysselstein	\$400,000.00
IA	Northern Iowa Windpower II, LLC	\$99,999.00
IA	Neppel Energy, LLC	\$402,500.00
IA	Consumers Energy Cooperative	\$89,762.00
ID	LeRoy Jarolimek	\$10,000.00
ID	Val E. Schwendiman	\$500,000.00
ID	John Beukers Dairy #2	\$500,000.00
IL	Midwest BioEnergy	\$500,000.00

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS
Community/Business Programs

Renewable Energy Systems and Energy Efficiency Improvements Grant Program 2

State	Project Name	Grant Award
IL	Central Illinois Energy Cooperative	\$250,000.00
IL	LincolnLand Agri-Energy, LLC	\$300,000.00
IL	Illinois Rural Electric Cooperative	\$438,544.00
IL	Hunter Haven Farm, Inc	\$242,518.00
IL	FPC Services	\$300,000.00
IL	Willow Creek Organic Forest Farm	\$125,000.00
MA	CEI-Mass Wind, LLC	\$470,000.00
MA	Massachusetts Innovation Center, LLC	\$500,000.00
MI	Anergen Corp	\$434,500.00
MN	Minwind III, LLC	\$178,201.00
MN	Federated Rural Electric Assn	\$500,000.00
MN	Minnesota Breeze, LLC	\$192,900.00
MN	Sunset Breeze, LLC	\$192,900.00
MN	Wolf Entereprises, LLC	\$192,900.00
MN	Minwind V, LLC	\$178,201.00
MN	Little Pine Dairy	\$293,830.00
MN	Minwind VII, LLC	\$178,201.00
MN	Minwind VIII, LLC	\$178,201.00
MN	Minwind IX, LLC	\$178,201.00
MN	Green Acres	\$192,900.00
MN	Nobles Cooperative Electric	\$500,000.00
MN	Minwind VI, LLC	\$178,201.00
MN	Rural Wind Energy, LLC	\$16,850.00
MN	Hudson Wind, LLC	\$16,850.00
MN	Pope County Windpower	\$17,175.00
MN	David and Sally-Anne Benson	\$17,110.00
MN	K&S Windpower, LLC	\$200,000.00
MN	Bill Rowekemp	\$404,910.00
MN	Talsma Windfarm, LLC	\$500,000.00
MN	Minwind IV, LLC	\$178,201.00
MN	G-Flow Wind, LLC	\$192,900.00
MO	Flick Seed Company	\$99,500.00
MO	Wolfhole Farm	\$24,999.00
MT	Eagle Stud Mill, Inc.	\$37,000.00
NC	AgriClean at Harris Farms, LLC	\$130,000.00
NE	Gothernburg Feed Products Company	\$35,200.00
NE	Daniel W. Kluthe	\$80,000.00
NE	David John Tobias	\$10,000.00
NY	Cogi Farms, LLC	\$78,819.00
NY	W.J. Cowee, Inc	\$194,058.00
NY	True Farms, Inc	\$95,000.00

Renewable Energy Systems and Energy Efficiency Improvements Grant Program 3

State	Project Name	Grant Award
NY	Sunny Knoll Farm P/S	\$95,000.00
NY	Aurora Ridge Dairy, LLC	\$300,000.00
NY	Emerling Farms, LLC	\$95,000.00
NY	Marks Farm	\$500,000.00
NY	Patterson Farms, Inc	\$296,622.00
NY	Sheland Farms	\$358,581.00
NY	Victory Highway Greenhouse, Inc.	\$22,136.00
OH	Pike Ethanol, LLC	\$500,000.00
OH	Harrison Ethanol, LLC	\$500,000.00
OH	Liquid Resources of Ohio, LLC	\$500,000.00
OH	AgriEnergy, Ltd	\$43,612.00
OH	Central Ethanol, LLC	\$500,000.00
SC	Eco-Farms Systems, Inc	\$15,000.00
TX	Keast, DeJong, Zaitz Farm	\$499,350.00
TX	High Plains Wind Power, LP	\$500,000.00
VA	Highland New Wind Development, LLC	\$500,000.00
VT	Nelson Farms, Inc	\$67,000.00
WA	Last Mile Electric Cooperative	\$77,449.00
WA	For Kids Sake	\$11,700.00
WA	Quil Ceda Power Corporation	\$499,379.00
WA	Holmquist Hazelnut Orchards, LLC	\$22,500.00
WA	VanderHaak Dairy	\$272,000.00
WI	Tidy View Dairy	\$99,950.00
WI	Biopower LLC	\$179,700.00
WI	Suring Community Dairy, LLC	\$99,950.00
WI	Eugene And Shawn Smith, Burr	\$90,000.00
	Oak Hills Dairy	
WI	Schopf's Hilltop Dairy, LLC	\$240,589.00
WI	Pagel's Ponderosa Dairy LLC	\$99,950.00
WI	Omro Dairy	\$99,950.00
WI	Dairy Dreams	\$99,950.00
WI	Gary Boyke, Vir-Clair Farms	\$299,580.00
WI	CADC Renewable Energy, LLC	\$200,000.00
WI	Quantum Dairy, LLC	\$205,991.00

Total Renewable Energy Applications 89 Total Amount Requested \$19,702,981

Energy Efficiency Improvement Grants

State	Project Name	Grant Award
IA	M & J LLC	\$37,500.00
IA	Consumers Energy Cooperative	\$29,252.00
IA	Chapman Lumber Company	\$166,212.00
IL	Momence Finer Foods	\$30,534.00
KS	Mackison Foods, Inc	\$29,075.00
MS	Roland Vandenweghe	\$50,000.00
MS	Joel Allen	\$50,000.00
MS	Nona Roberston	\$32,639.00
MS	Carl Fuller	\$49,675.00
MS	Mike L. Ballard	\$49,189.00
ND	John's Hardware Hank, Inc	\$10,410.00
NE	The Tarnished Halo	\$11,547.00
NE	Vantage Pointe Homes	\$30,907.00
NE	Northeast Nebraska News Company	\$10,000.00
NY	Oakwood Dairy, LLC	\$153,743.00
NY	Spruce Haven Farm, LP	\$123,975.00
NY	Aurora Ridge Dairy, LLC	\$161,688.00
NY	Elkendale Farms	\$79,510.00
NY	Fingerlakes Aquaculture, Inc	\$30,925.00
NY	Occasional Expressions, Inc	\$10,191.00
NY	Willet Dairy, LLC	\$165,766.00
NY	W.J. Cowee, Inc	\$117,013.00
SD	American Family Farms, Inc	\$62,500.00
VT	Stonewood Farms, Inc	\$12,001.00

Total Energy Efficiency Applications 24 Total Amount Requested \$1,504,252

This completely depletes the National Office Reserve account for fiscal year 2003. The type of assistance code to obligate Renewable Energy Systems is 358. For Energy Efficiency Improvements the type of assistance code is 370. All projects must have an obligation date of no later than September 30, 2003. Thank you for your outstanding efforts in implementing this new initiative to increase economic opportunities for agriculture producers and small businesses, promote green energy, and help meet the nation's critical energy needs.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

August 28, 2003

TO: All State Directors
Rural Development

ATTENTION: Single Family Housing Program Directors

FROM: Arthur A. Garcia (Signed by Arthur A. Garcia)
Administrator
Rural Housing Service

SUBJECT: Balancing Single Family Housing Direct Loan Underwriting Objectives
With Serving the Most Needy Applicants

The purpose of this memorandum is to reiterate the importance of achieving high quality loan underwriting while still serving the most needy applicants and to persevere the process of having States analyze the relationship between loan underwriting and first year delinquency.

LOAN UNDERWRITING

Quality loan underwriting not only ensures that we properly and prudently use funds, it impacts the first year delinquency rate. The first year delinquency rate reflects our ability to provide our borrowers with the necessary skills and tools to become successful homeowners and impacts the longevity of the program. High quality loan underwriting coupled with homeownership education can contribute to a reduction in the first year delinquency rate thus supporting continued funding of our programs.

SERVING THE NEEDIEST APPLICANTS

The highest quality of loan underwriting does not entail the rejection of all applicants with any blemish regardless of magnitude. The highest quality of loan underwriting requires that the loan be made in accordance with 7 CFR Part 3550 and the accompanying handbooks, but it also

EXPIRATION DATE:
August 31, 2004

FILING INSTRUCTIONS:
Housing Programs

requires the Agency explore every avenue available to make homeownership possible for our applicants. If the Agency rejects an application without considering underwriting allowances, then we failed to properly serve our customers.

STATE OFFICE MONITORING

State Offices should monitor their first year delinquency rates using the monthly report prepared by the Collection Services Branch in CSC. This report contains an attachment that provides the rolling new loan delinquency rates for the last 12 months. In addition, State Offices can obtain first year delinquency data using the BRIO Reports. On a quarterly basis, State Offices should conduct a review of all Field Offices with a first year delinquency rate that has remained above the State average for the preceding 3-month period. For those Field Offices that fall within this category, State Offices are asked to conduct an onsite visit or request case files to conduct a review of the delinquent loans made in those Field Offices during the fiscal year to date. State Offices should also review first year delinquent loans involving foreclosures, bankruptcies, delinquency workout agreements, and moratoriums. Attachment I, "Single Family Housing Oversight Review," should be completed on each case file reviewed.

The National Office will hold periodic teleconferences with selected States to discuss their first year delinquency and monitoring efforts. During these teleconferences, the results of the oversight reviews will be discussed and action plans to improve loan underwriting will be developed.

At the end of each quarter, State Offices should also conduct a review of at least 5 percent or three, whichever is greater, complete applications that were withdrawn or rejected in each Field Office during that quarter. Do not include pre-qualifications (product code of 999) in the review. Please note that this review is designed for all offices, not just those offices subject to the oversight review. Attachment II, "Single Family Housing Withdrawn/Rejected Review," should be completed on each selected application. The results of the review should be used for training the Field Office staff.

If you have any questions regarding this memorandum, please contact Brooke Baumann of the SFHDLD at (202) 690-4250.

Single Family Housing Oversight Review

Borrower's Name:		Account Number:	
Date review was completed:			
RHS Loan Amount: \$		RHS % of Total:	
Leveraged Loan (LL) Amount: \$		LL % of Total:	
LL Amount: \$		LL % of Total:	
Grant Amount: \$		Grant % of Total:	
Grant Amount: \$		Grant % of Total:	
Appraised Value: \$			
Date loan was obligated:		Date loan closed:	
Check if applicable:	RHLP Loan:	CDFI Loan:	Self-Help Loan:
Account status as of date of review:			
Check if applicable:	Loan in Foreclosure:	Borrower in Bankruptcy:	Loan in Moratorium:
	Delinquency Workout Agreement in Effect:		

Negative responses to the questions asked below should include a description of the noncompliance.

I. CREDIT:

1. Was the residential mortgage credit report not more than six months old when the underwriting decision was made? ____ (Yes) ____ (No)
2. Does the credit meet the qualifications outlined in 7 CFR 3550.53 (h) and HB-1-3550, Chapter 4, Section 3? ____ (Yes) ____ (No)
3. Was Form RD 1944-61, "Credit History Worksheet", used to summarize the credit history? ____ (Yes) ____ (No)
4. If the Loan Approval Official granted a credit waiver, was the situation warranted (reduced shelter costs, temporary situation, and/or benefit to the Government) and did the file contain written justification and supporting documentation? ____ (Yes) ____ (No)

II. RATIOS:

1. Is there a signed RHS-Eligibility Summary printed from UniFi in the case file that reflects the actual and final figures associated with the transaction and were loans and/or affordable housing products from authorized leveraging sources properly accounted for?
_____ (Yes) _____ (No)
2. The income category and PITI & TD ratios at loan closing: Very low or Low (circle one)
_____ % for PITI and _____ % for TD
3. Did the ratios meet the requirements outlined in 7 CFR 3550.53 (g) and HB-1-3550, Chapter 4, Section 5? _____ (Yes) _____ (No)

III. VERIFICATION/CALCULATION OF INCOME AND ASSETS:

At the time of eligibility determination, loan obligation/approval, and loan closing:

1. Were all written income verifications less than 90 days old (or 120 days as applicable) unless orally re-verified when the written verification expired thus extending the verification an additional 60 days? _____ (Yes) _____ (No)
2. Were all income sources for both annual and repayment income properly verified?
_____ (Yes) _____ (No)
3. Were the calculations for both annual and repayment income properly figured?
_____ (Yes) _____ (No)
4. Did the file contain documentation to support deductions made to annual income?
_____ (Yes) _____ (No)

IV. PAYMENT ASSISTANCE AGREEMENT:

1. Was the form completed in accordance with 7 CFR 3550.68 and HB-1-3550, Chapter 6, Section 3 with an effective date the same as the first payment due date of the loan?
_____ (Yes) _____ (No)
2. Was the agreement activated in MortgageServ within 2 business days of the loan closing or within 4 business days if the loan had rescission rights? _____ (Yes) _____ (No)

Single Family Housing Withdrawn/Rejected Review

Applicant's Name: _____ **Account Number:** _____

1. Was the applicant's PITI and TD ratio calculated correctly? Yes or No
2. Were all sources of income considered? Yes or No
3. Were all allowable deductions made? Yes or No
4. If the applicant lacked adequate repayment ability, were they counseled about adding additional parties to the note or locating a cosigner? Yes or No or N/A
5. If the applicant's adjusted income did not exceed 60 percent of the applicable area median income and the conditions outlined in HB-1-3550 Chapter 6 were met, was a 38-year term considered? Yes or No or N/A
6. If the applicant's family was experiencing unreimbursed medical expenses in excess of 3 percent of annual income, was the applicable asset limit increased by the amount of the medical expenses in excess of 3 percent of annual income? Yes or No or N/A
7. Were any of the following compensating factors applicable but not considered in the eligibility determination? Yes or No or N/A
 - Payment History: The applicant historically paid a greater share of income for housing with the same income and debt level.
 - Savings History: The applicant had accumulated savings and a savings history that showed a capacity to set aside a larger-than-average portion of income.
 - Job Prospects: The applicant recently entered a profession in which he/she could expect a significant pay increase.
 - Adjustments for Nontaxable Income: The applicant had a source of income not subject to Federal taxes, which could be grossed up.
8. If the applicant had credit blemishes, did the local office explore the reasons behind the occurrences to ascertain if a credit waiver was feasible? Yes or No or N/A
9. Were applicable appeal and ECOA rights provided? Yes or No